



Employees' Retirement System Communicator

November, 2011

No. 11

Contact Information

Employees' Retirement System

Please contact the Employees' Retirement System (ERS) at **414-278-4207** in Milwaukee or **toll-free at 877-652-6377** outside of Milwaukee for all Pension questions, including Retirement calculations. You can also contact ERS via email at ers@milwcnty.com.

Life & Health Benefits

Please contact the Benefit Division with Life and Health Benefits related questions at: **414-278-4198**. You can contact Benefits via email at benefits@milwcnty.com

Newly Retired

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BANK FEES

In the last few weeks, several of the nation's largest banks (Bank of America, JPMorganChase, Wells Fargo, SunTrust and Regions Financial) announced they were abandoning plans to charge customers monthly fees to use their debit cards for purchases. The reversal follows a huge backlash from customers, pundits and law-makers.

Almost as soon as the debit charge plan became public, it turned into a rallying point for anger at the nation's largest financial institutions. Consumers have endured a long and growing list of similar charges in the course of daily life; among them: airline baggage fees, "convenience charges" for concert and game tickets, hidden fees in phone and cable bills, taxi fuel surcharges and exorbitant shipping and handling costs. Paying for things that were once free (like airline pretzels and hotel gyms) leaves us feeling exploited. But nothing has sparked outrage like the debit card charge seen by many as the last straw.

Yet banks have made a host of other changes in recent years and predictions are that this is not the end of new fees. Federal regulations have limited the amount they can earn from credit cards, overdrafts and debit-card merchant fees. These new restrictions, coupled with the continuing weak economy, have resulted in revenue losses for banks. We can expect to see both new and increased charges as well as reduced rewards.

What can you do to be a smart consumer in light of these anticipated changes?

- ◆ Banks are required to notify their customers when changing the terms of their accounts. That means it is important to review your monthly statement and other communication (e-mail, "snail mail" or statement inserts) from your bank. What may look like a promotion could be an announcement of new fees or restrictions that will take effect automatically if you don't act.
- ◆ If your bank does hit you with a new charge, it's worth a try to negotiate. If you are a longtime customer or have significant deposits, ask to work out a better deal or try to have fees waived.
- ◆ Many financial institutions have eliminated debit card rewards. Should this happen to you, consider switching to a cash-back credit card for your day-to-day purchases instead of a debit card.
- ◆ Although many banks still advertise it, free checking without conditions has all but disappeared. You may be required to have a monthly direct deposit, higher

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minimum balances or multiple accounts. If you have accounts in several banks, consolidating into one can help you meet the stipulations for a free checking account.

- ♦ If you have overdraft protection on your checking account, consider opting out. Despite the provisions of the 2010 Consumer Protection Act, this coverage can be costly should you overdraw your account. If you carefully monitor your account activity, overdraft protection may not be necessary.

Another tactic to consider is switching banks. Consumer frustration with the megabanks has given smaller institutions the opportunity to promote their services. A recent study by the *Chicago Tribune* found that big and small banks each have certain advantages.

Small institutions:

- ♦ Overall, customers are less likely to pay monthly checking account fees at smaller banks, online banks and credit unions.
- ♦ Small banks offer better customer service (defined as being personable and accommodating to individuals).
- ♦ Big banks are obligated to make as much money as they can for shareholders. Non-profit credit unions where customers are also the owners can be a better choice.
- ♦ Online banks in particular frequently offer higher rates on savings and lower rate loans. Of course, you will need to shop around to be sure you get the best rate for your needs.

Big banks:

- ♦ If you are looking for access to several ATMs and branch offices, big banks have the advantage.
- ♦ Big banks will have more financial services and products to offer their customers.
- ♦ An advanced level of technology options (such as banking or person-to-person payments using mobile devices) will likely be available at big banks. However, a move toward technology might also mean charging for low-tech basics like mailed paper monthly statements.

There are also websites devoted to helping consumers decide on a new financial institution. Three to consider are:

findabetterbank.com
moveyourmoneyproject.org
creditunion.coop

Megabanks may think their customers will not want go through the inconvenience of switching institutions. But there are ways to ease such a move.

- ♦ Check with your current bank about what procedures you must follow. If necessary, adjust the timing of the change to minimize fees and maximize any interest payments.
- ♦ Ask if your new bank offers assistance in the transition process.
- ♦ Notify any direct deposit payers (like Milwaukee County ERS) and businesses or utilities that make automatic withdrawals from your account or charges to your debit card.
- ♦ Don't close your existing checking account until you know all outstanding checks are paid, and all direct deposits and automatic payments have been moved to your new account.

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- ◆ Once the old account is closed, be sure to destroy any unused checks, deposit slips, ATM and debit cards.

Gone are the days when banks competed for our business by offering free toasters and other goodies. As their need for additional revenue sources increases, it is up to us as consumers to make sure our financial institutions don't solve their problem at our expense.

BENEFITS UPDATES

Medicare Coordination under the "Non-Duplication of Benefits Method"

Beginning January 1, 2012, Medicare coordination will be based on the "Non-Duplication of Benefits" Method. How will this affect you? UnitedHealthCare will determine what the Milwaukee County Medical plan would pay in the absence of Medicare. Then, if the Milwaukee County Medical plan amount is greater, the Milwaukee County Medical plan will pay that amount minus the amount Medicare paid (or would have paid). If the Medicare amount is equal to or greater than the Milwaukee County Medical plan amount, the Milwaukee County Medical plan will not pay any benefit.

Key Points:

- ⇒ Medicare provider discounts still apply. This means the base cost of services will be much lower for retirees than active employees, before either Medicare or the County plan makes a payment.
- ⇒ Certain charges applied toward fulfilling the Medicare deductible will still be considered for coverage under the County plan and fulfilling the County plan deductible.. The Medicare A (inpatient) deductible for 2012 is \$1,156.00. the Medicare B deductible is \$140.00
- ⇒ The County's out-of-pocket maximums still apply to any claims subject to coinsurance or deductible. In 2012, after \$2,500 of eligible out-of-pocket claims costs have been incurred, the 20% coinsurance no longer applies to that individual, as shown in the Inpatient Claim example below.

Example 1 – Office Visits:

On your first office visit of the year you incur a bill for \$320.00. After Medicare discount, the billable amount is \$148.00.

MEDICARE

The Medicare Part B deductible is \$140 for 2012. Medicare would apply the first \$140.00 toward the Part B deductible, and would pay 80% of the remaining \$8.00, for a total Medicare payment of \$6.40.

MILWAUKEE COUNTY

Milwaukee County's plan limits your cost for office visits to the \$30.00 copay. The County plan would pay \$148.00 minus the \$6.40 already paid by Medicare, minus the \$30.00 copay, for a total payment of \$111.60. You would be responsible for \$30 (your co-pay for an office visit).

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Example 2 – Office Visit:

The following month you have a follow up visit incurring a bill for \$200.00. After Medicare discount, the billable amount is \$96.00. Medicare pays 80% for a total payment of \$76.80. The balance of \$19.20 is submitted to Milwaukee County's plan, however, since the unpaid portion is less than the \$30 copay under the County plan, no additional payment is made by the County plan. You would owe the unpaid Medicare balance of \$19.20.

Example 2 – Outpatient Costs:

Assume your deductibles with Medicare and the Milwaukee County Medical plan are satisfied and you incur a \$1,000 hospital bill for an MRI test. After Medicare's discount, the billable amount is reduced to \$420.00. Medicare pays \$336 (80%) as the "primary" carrier. In the absence of Medicare coverage, the Milwaukee County Medical plan would pay \$336 (80%). However, the Milwaukee County Medical plan, as a secondary carrier with a non-duplication of benefits clause, will pay only the difference between what is paid by Medicare and what would have been paid by the Milwaukee County Medical plan. In this example the full benefit was already paid by Medicare, so no additional County payment is made. You would be responsible for paying the \$84 that Medicare and the Milwaukee County Medical plan did not pay. The \$84 would be applied toward fulfilling your Milwaukee County out of pocket maximum (\$2,500/person and \$5,000/family).

Example 3 – Inpatient Claim:

Assume your deductibles with Medicare and the Milwaukee County Medical plan are satisfied, but no other costs have been applied to your annual out-of-pocket maximum. You incur a \$70,000 inpatient hospital bill. After Medicare's discount, the billable amount is \$32,000. Medicare pays \$25,600 (80%) as the "primary" carrier, leaving a balance of \$6,400. In the absence of Medicare coverage, the Milwaukee County Medical plan would pay \$25,600 (80%). In this example the full benefit was already paid by Medicare. However, the Milwaukee County plan has an individual out-pocket-maximum cost of \$2,500, of which, you have already paid \$500 for your County deductible. In this scenario, your out-of-pocket costs are capped at \$2,000. You would pay \$2,000, and Milwaukee County's plan would pay the remaining \$4,400.

In Memoriam

Please keep the families of these recently deceased retirees and spouses in your thoughts:

*Marcella Bogumil
Ronald Braun
Anita Buchholz (Robert)
Henry Engelhardt
Loreen Farmer
Antoinette Harvey*

*Josephine Hendree (Adison)
Lucille Jackson
Margarete Knack
Gladys Krause
Freddy Lewis (Earlene)
Gordon Miller*

*Beverly Powell
Laverne Walloch
William Walsh
Chris Winder*